

Electronic Preauthorization New Requirements for Health Care Providers

Overview

Making phone calls and sending faxes for preauthorization requests can be a time-consuming process. Maryland law, established in 2012, aims to improve the preauthorization process for providers.¹ Providers can now take advantage of State-regulated payor (payor) or pharmacy benefit managers (PBM) online preauthorization systems² and submit preauthorization requests electronically, eliminating phone calls, mail and faxes.

By July 1, 2015, providers will be required to utilize these electronic preauthorization systems. Waivers for certain extenuating circumstances will be available in the beginning of 2015. The waiver process will be outlined in a future amendment to State regulations and is expected to be available in early 2015.

What is Preauthorization?

Preauthorization is required by payors or PBMs before certain health care services can be rendered by a provider.³ Preauthorization aims to ensure that patients are receiving the most cost-effective and appropriate treatment. For example, preauthorization for certain prescription drugs is required for reasons such as the availability of low-cost generic alternatives, age restrictions, or prescribing higher than normal dosages.

¹ Md. Code Ann., Health-Gen. §19-108.2 intends to digitize the preauthorization process that is required by State-regulated payors and PBMs prior to the delivery of certain medical and pharmaceutical services.

² Most payors and PBMs have established online systems for providers to submit preauthorization requests electronically in accordance with Md. Code Ann., Health-Gen. §19-108(c). Visit MHCC's website for more information:
mhcc.maryland.gov/mhcc/pages/hit/hit_preauthorization/hit_preauthorization.aspx.

³ Code of Maryland Regulations 10.25.17.02B(5).

Preauthorization determines insurance coverage and eligibility for a certain pharmaceuticals and medical services and can involve a decision of medical necessity.

Provider Challenges with the Preauthorization Process

The preauthorization process varies widely among payors and PBMs and can be a lengthy process, relying heavily on paper forms, faxes, and phone calls. Additionally, preauthorization requests can require follow-up for clarification or additional information before being approved or denied. Nearly two-thirds of physicians report waiting several days to receive approval for tests, procedures, and prescription drugs; two-thirds of physicians also report difficulty in determining which tests, procedures, and prescriptions require preauthorization.⁴ One way to address these challenges is by digitizing the preauthorization process.

Electronic Preauthorization

The goal of electronic preauthorization is to improve quality of care, increase patient satisfaction, and minimize the delay in care that can occur while waiting for a preauthorization determination. The traditional preauthorization process can be administratively disruptive for providers and their patients.

In 2012, approximately one percent of medical claims and one percent of pharmaceutical claims required preauthorization in Maryland. Adoption and use of electronic preauthorization among Maryland providers is limited, with only about 18 percent of medical preauthorization requests and less than two percent of pharmaceutical preauthorization requests being submitted electronically.⁵

⁴ AMA Survey of Physicians on *Prior Authorization Requirements* May 2010.

⁵ *State-Regulated Payor & Pharmacy Benefit Manager Preauthorization Benchmark Attainment*, October 2013. Available at:

mhcc.maryland.gov/mhcc/pages/hit/hit_preauthorization/documents/EPA_2_State_Regulated_Payer_Pharmacy_Benefit_%20Mgr_Preauth_Benchmark_Rpt_20131001.pdf.

Benefits of Electronic Preauthorization

Electronic preauthorization allows providers to submit and track preauthorization requests online, reducing time spent mailing or faxing requests and/or calling for follow-up. A unique identification number is assigned to each online preauthorization request for tracking purposes. Generally, once an electronic preauthorization request for a pharmaceutical is submitted, a provider will receive an automatic response if all required information is submitted; determinations for pharmaceuticals will either be made in real-time or within one business day after receipt of all pertinent information. Determinations for all electronic preauthorization requests for medical services must be made within two business days following receipt of all pertinent information.

Electronic Preauthorization System Features

The online preauthorization systems established by payors and PBMs are fairly similar, providing about the same functionality. Typical features include:

- Access to electronic preauthorization portals by a single click from the provider home page of a payor or PBM's website;
- Listing of health care services that require preauthorization and the key criteria for making a determination;
- Ability to search for a member when creating a preauthorization request; and
- Assignment of a unique identification number to track and manage each preauthorization request.

Resources

Visit the Maryland Health Care Commission's website for more information about electronic preauthorization, including links to payors' and PBMs' online listings of health care services that require preauthorization as well as links to their online preauthorization systems: http://mhcc.maryland.gov/mhcc/pages/hit/hit_preauthorization/hit_preauthorization.aspx.

